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9 August 1951

CIA No. 49297

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DAILY DIGEST

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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DIA and DOS review(s) completed.

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SECTION 2 (EASTERN)

1. GREECE. Marshal Papagos names party: Field Marshal Papagos' supporters have announced that his party will be called the "Greek Rally" and that its symbol will be a photograph of the Marshal. No list of party candidates for the forthcoming elections has yet been released, but Markezinis, one of Papagos' chief adherents, states that 80 out of a total of 320 have already been chosen. Those selected indicate, according to Markezinis, that Papagos' slate will not include any extreme rightists. Papagos has not succeeded in attracting any well-known centrists.

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Comment: Preliminary reports on Papagos' candidacy indicate that he will draw most of his strength from slightly right of center. However, dissention has reportedly already broken out between his chief collaborators over the choice of candidates, and there will probably be considerable shifting of political alliances before the party lines are firmed.

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4. INDOCHINA. Viet Minh attack predicted: The US Military Attache concurs in a French estimate that the newly formed Viet Minh 325th Division will undertake operations in Central Vietnam some time after 15 August, possibly culminating in an assault on the important cities of Hue and Tourane. Reinforcement of French forces in this area has been behind schedule, but the Military Attache believes that any Viet Minh attack would be hampered by logistic problems. [REDACTED]

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5. CHINA. Four more foreigners arrested in Peiping: [REDACTED] the recent arrest of an American national, a stateless Russian, and two Germans. [REDACTED]

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Comment: At least eight and possibly 13 foreign nationals, including four Americans, have been arrested in Peiping in the past few weeks. It is believed that most or all will be charged with some type of "counter-revolutionary" activity.

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SECTION 3 (WESTERN)

1. GERMANY. Agricultural strikes threaten Federal Republic: The danger of agricultural strikes increased during the past week when the negotiations of farm workers for higher wages deteriorated. Workers have walked out in some 30 large Bavarian agricultural enterprises, and similar action is anticipated in most other Laender. The workers are in a good bargaining position because this is harvest season, but the sting is being taken out of the strikes by the use of children and unemployed as "strike-breakers."

[REDACTED]

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Comment: German workers are becoming increasingly restless over the steadily rising cost of living, but this is the first indication of actual strikes. The German Trade Union Federation (DGB), which recently threatened to withdraw its participation from all government economic commissions, is supporting the farm workers in their demands. Unless some arrangement is soon reached with the strikers, crop losses could be serious.

2. FRANCE. Duclos returns from the USSR with a directive from Thorez: The Communist daily Humanite has published an interview with Jacques Duclos, who has just returned from the USSR allegedly with a directive from the party's Secretary-General, Maurice Thorez. French Communist Party policy is "indefectible fidelity" to the USSR. Duclos reiterated that continuing emphasis would be placed upon the campaign for a "five-power peace pact" and the "peaceful intentions of the USSR" compared with the "war policy of the American imperialists."

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One of the chief aims of Duclos' report and the obviously touched up photograph accompanying the article apparently is to reassure party adherents regarding Thorez' ultimate recovery. [REDACTED]

Comment: As outlined by Duclos, there is no apparent change in the party's policy. The absence of Duclos from France during this period of political crisis, however, may indicate that he had been ordered to Moscow to discuss immediate Communist capabilities in France.

3. BELGIUM. Belgians criticize financing of rearmament: Both Le Soir, an independent Belgian newspaper, and La Cite, a Christian Social paper, deplore the indecision and the chaos that exist in financing the rearmament of the NATO powers. Le Soir implies that the Defense Production Authority has had little success in coordinating defense orders among the NATO countries. At present, arms orders in Belgium are financed through EPU, a situation which aggravates the already difficult Belgian position as an EPU creditor, and which poses the threat of inflation. La Cite comments

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that the only thing to do is forego full implementation of the rearmament program, and especially to refrain from viewing NATO projects as the basis of firm commitments. Le Soir points out that the costs of rearmament are high and all the nations must share the burden equally--neither the US nor Belgium can bear the whole load. [REDACTED]

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Comment: This press criticism, which can be considered as a sounding board for the government's views, probably is the result of US censure of the inadequacies of the Belgian defense effort and the failure of NATO to take immediate action on the Belgian proposal for the pre-financing of rearmament. Belgium probably is financially sound enough to produce armament for other West European countries without US aid, although the US is now supplying an estimated 60 per cent of the total Belgian equipment for defense. Belgium's planned expenditures for equipment in 1952 are proportionately well below the projected efforts of the Netherlands and France. Although some threat of inflation does exist, the Belgian Government has sufficient powers over the economy to control the danger.

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4. ITALY. Government to request that Czechoslovakia close Milan consulate: The Italian Government is requiring Czechoslovakia to close its consulate in Milan as a result of Czech attempts to infringe on the diplomatic immunity of the Italian consul general in Bratislava. [REDACTED]

Comment: Closure of the Czech consulate in Milan would [REDACTED]

[REDACTED] facilitate the Italian Government's efforts to restrict shipments of critical materials to Eastern Europe which are reportedly being processed through Satellite consular representatives.

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5. UNITED KINGDOM. Foreign Office supports suspension of Czech overflight rights in Germany: The UK Foreign Office has now conditionally agreed to the suspension of the Czechoslovak State Airlines' right to fly over Western Germany, as part of the effort to secure the release of AP correspondent William Oatis. The UK insists that France, Belgium, the Netherlands, and possibly Switzerland concur in the action, and that the Czech government first be given warning that the rights will be suspended if Oatis is not released within a specified time. The Foreign Office will assist the US in obtaining the concurrence of these interested countries. US Embassy London believes this is the most that can be obtained from the Foreign Office at this moment. [REDACTED]

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Comment: The UK, like France, had previously declined to agree to tripartite suspension of the overflight right, expressing the general belief

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that that particular weapon should be saved for possible use in a case more vital to the West.

The only preliminary French reaction to the latest US overtures is that there should be agreement on a general program including conditions for reestablishment of the flights. The Belgians have indicated they will not oppose suspension, and the Dutch interests in the flights are not so great as to presage isolated opposition.

6. ARGENTINA. Radical Party announces presidential slate and platform: Peron's principal electoral opposition, the Radical Party, has selected ex-Deputy Ricardo Balbin as its presidential candidate in the 11 November elections. For the vice-presidential slot it chose Arturo Frondizi, outspoken minority leader of the Chamber of Deputies. Both candidates are members of the controlling Intransigente faction, which, characterizing the division within the Radical Party, refused to allot one of the candidacies to the old-line Radicals. The platform advanced by the Radical convention includes "the reconquest of liberty and democracy" for Argentina, nationalization of the meat-packing and petroleum industries, and the establishment of free labor unions. [REDACTED]

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Comment: The Intransigent Radicals favor an extreme nationalist policy and are generally opposed to close cooperation with the US, especially on such issues as the Rio Pact.

7. HAITI. Communist youth group is suppressed: An official government bulletin appearing in the local press reports that the government has suspended the activities of the group Jeunesse Progressiste (Progressive Youth). The police are stated to have raided their meeting place and seized Communist magazines, tracts, posters, and stationery bearing Communist insignia. [REDACTED]

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Comment: The Jeunesse Progressiste had been the most active of several Communist youth groups scattered throughout Haiti. It was affiliated with the Communist Parti Socialiste Populaire until that party was dissolved by the government in December 1950 and its publication La Nation suspended. It is felt that the government's action, in eliminating another subversive force working against the political stability of the country, will serve to strengthen the Magloire administration.

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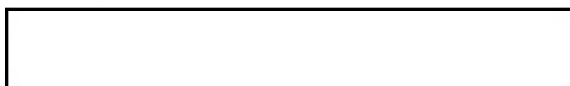


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SECTION 2 (EASTERN)

1. EGYPT. Egyptian Foreign Minister determined to denounce Anglo-Egyptian Treaty: The Egyptian Foreign Minister in a speech before Parliament on 6 August stated that the door to negotiations between the UK and Egypt has been closed by Foreign Secretary Morrison's statements in the British Parliament. The Egyptian Foreign Minister has promised that before the end of this session Parliament would be informed of the government's intentions concerning its pledge to abrogate the Anglo-Egyptian treaty. The British Ambassador is studying the problem of "where do we go from here " and does not find any easy answer. 25X1

Comment: Foreign Secretary Morrison on 31 July told the British Parliament that the presence of British troops in the Suez area was no longer a purely Anglo-Egyptian problem and that Egypt could not stand alone in its defense any more than could the UK. He stated his confidence that Egypt would join the UK in resisting aggression and invited its equal partnership to make the world safe. These statements do not in any way conform to Egyptian estimates of a suitable outcome of the treaty negotiations, which would necessitate the evacuation of British troops. Therefore, the Egyptian Foreign Minister seems to have decided to proceed with his plan to denounce the treaty before the close of the Parliamentary session in mid-August despite the King's wishes that the negotiations be continued. The Foreign Minister's speech caused enthusiastic popular street demonstrations in Egypt. 25X1

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SECTION 3 (WESTERN)

3. FRANCE. French perturbed by increase in German coal price: The French representative on the Ruhr Authority (IAR) fears that French ratification of the Schuman Plan will be seriously jeopardized by West Germany's recent unilateral decision to increase export coal prices. He believes that the increase is discriminatory and therefore out of the question because it would have a disastrous effect on the French and Luxemburger steel industries. He regards it, however, as primarily a political maneuver to remove another Western restriction on the Federal Republic, which expects to profit should the Schuman Plan fail.

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Comment: In view of the crucial coal shortage in Western Europe, the Germans have brought Ruhr coal prices closer to world levels with little chance of Western interference. The Germans have long resented IAR restrictions and, if this move succeeds, may attempt to evade the few remaining controls. The growing enthusiasm of the French for European integration is tempered by their traditional fear of German intentions. Their sharp reaction to incidents such as this and General Ramcke's recent demand for a free hand in German rearmament endanger the full French-German cooperation essential to European integration.

4. ITALY. Possibility of concessions on Trieste: US Embassy Rome believes that Italy is more anxious than Yugoslavia to reach a settlement on the Trieste issue, but that the state of Italian public opinion and the vulnerability of the Italian Government on this issue leave Premier De Gasperi little freedom of action. The Embassy estimates that under any compromise, the Italians would insist on obtaining all the Italian coast towns in the Yugoslav Zone B, but would probably be willing to make economic or other concessions to Yugoslavia.

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Comment: A settlement of the Trieste boundary on ethnic lines would give the Italians the city of Trieste and the coastal cities in Zone B. The economic concessions mentioned might involve formal relinquishment of the former Italian mercury and bauxite mines in Zone B, already under de facto Yugoslav control. It might also involve trade concessions to Yugoslavia in connection with certain imposts levied in the port of Trieste.

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